

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 11/24/2015	(3) CONTACT/PHONE Lisa Howe, Administrative Analyst 781-5011	
(4) SUBJECT Review of the FY 2016-17 Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board Priorities. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Review and approve the FY 2016-17 Budget Goals and Policies (Attachment 1). 2. Review and approve the Budget Balancing Strategies and Approaches (Attachment 2). 3. Provide staff with direction regarding any changes to the Board's Priorities.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 Minutes</u> )			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Lisa Howe, Administrative Analyst  
781-5011

DATE: 11/24/2015

SUBJECT: Review of the FY 2016-17 Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board Priorities. All Districts.

## **RECOMMENDATION**

It is recommended that the Board:

1. Review and approve the FY 2016-17 Budget Goals and Policies (Attachment 1).
2. Review and approve the Budget Balancing Strategies and Approaches (Attachment 2).
3. Provide staff with direction regarding any changes to the Board's Priorities.

## **DISCUSSION**

### **FY 2016-17 Budget Goals and Policies**

Budget Goals and Policies are important because they help to institutionalize good financial management practices, clarify and crystalize strategic intent for financial management, define boundaries, support good bond ratings, promote longer-term strategic thinking, manage risks to financial condition, and comply with established public management best practices. Each year the Board of Supervisors adopts budget goals and policies to guide staff in the preparation of the proposed budget. Over the past several years, the Board has approved changes to its Budget Goals and Policies in an effort to strengthen the County's financial policies in accordance with the Government Finance Officers Association's (GFOA) recommended best practices on the adoption of financial policies.

In the past four years, the County has received positive feedback on these changes from peers who reviewed the County's FY 2011-12, FY 2012-13, FY 2013-14, and FY 2014-15 Final Budget Documents for the GFOA Distinguished Budget Presentation Award. At this time, staff believes that the existing Budget Goals and Policies provide adequate framework for budget development as we move into a healthier fiscal climate. As such, no changes are being proposed to the Board's Budget Goals and Policies for FY 2016-17.

### **Budget Balancing Strategies and Approaches**

One of the overarching objectives of the budget strategies is to strike a balance between maintaining fiscal health and continuing to provide programs and services to the County's many and varied customers. In order to maintain the County's fiscal health, this balance is important in both times of financial difficulty and financial growth.

In early 2007, the County's most recent fiscal challenges were first identified. At that time, the budget was balanced and economic conditions were generally good; however, what came to be known as the great recession loomed on the horizon. In order to proactively deal with the difficulties that lay ahead, a seven year "pain management plan" was crafted and utilized to guide the Board and staff in addressing significant budget gaps. FY 2008-09 was the first year of the plan, and FY 2014-15 represented the final year. During the seven year "pain management plan", the County adhered to a set

of Budget Balancing Strategies and Approaches which guided the Board and staff in closing a significant structural budget gap as a result of the recent economic downturn. The utilization of these solid and tested budget principles and practices served the County well, and as a result, the County was largely able to avoid the drastic cuts to programs, services, and staff that other counties have faced.

Despite the County's stable financial position moving into FY 2016-17, it is important that the County identify preferences for strategies and approaches that may be utilized in both times of financial difficulty and financial growth. The goal of the recovery process is to assure that the County remains adaptable to changing conditions, and able to regenerate in the face of setbacks. For FY 2016-17 the Budget Balancing Strategies and Approaches have been revised to incorporate the County's preferred budget balancing strategies and approaches regardless of financial situation. As a result, it is recommended that the Board review the revised Budget Balancing Strategies and Approaches.

### **Board Priorities**

On October 13, 2015, staff presented the FY 2016-17 Financial Forecast to the Board. During that discussion, it was indicated that the Board would discuss its FY 2016-17 priorities at the same time that the FY 2016-17 Budget Goals and Policies and Budget Balancing Strategies and Approaches were considered.

Currently the Board's priorities are as follows (in order):

- Meet legal mandates
- Meet debt service requirements
- Public Safety- defined as:
  - Sheriff-Coroner (fund center 136)
  - District Attorney (fund center 13201)
  - Probation (fund center 139)
  - County Fire (fund center 140)

### **OTHER AGENCY INVOLVEMENT/IMPACT**

All County departments will utilize the Budget Goals and Policies, Budget Balancing Strategies and Approaches and Board Priorities in the preparation of the FY 2016-17 budget.

### **FINANCIAL CONSIDERATIONS**

There is no financial impact directly associated with the adoption of the Budget Goals and Policies and Budget Balancing Strategies and Approaches. However, it should be noted that the establishment of sound fiscal policies has, and will continue to have a positive impact on the County's long-term fiscal health by helping to frame resource allocation decisions. The establishment of Board priorities helps to guide development of the budget and decisions about funding levels for various programs and services.

### **RESULTS**

The approval of the FY 2016-17 Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board Priorities will contribute to the development of a Proposed Budget document that reflects the goals and policies of the Board of Supervisors and will provide a framework for the continued creation of a spending plan that focuses on measurable results and high performance.

### **ATTACHMENTS**

1. FY 2016-17 Budget Goals and Policies
2. FY 2016-17 Budget Balancing Strategies and Approaches